MIDDLE EAST COMPANY FOR MANUFACTURING AND PRODUCING PAPER (A SAUDI JOINT STOCK COMPANY)

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

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

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Ernst & Young Professional Services (Professional LLC)
Paid-up capital (⃁ 5,500,000 – 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 MIDDLE EAST COMPANY FOR MANUFACTURING AND PRODUCING PAPER (A SAUDI JOINT STOCK COMPANY)

Introduction

We have reviewed the accompanying interim condensed consolidated statement of financial position of Middle East Company for Manufacturing and Producing Paper ("the Company") and its subsidiaries (collectively referred to as "the Group") as at 30 June 2026, and the related interim condensed consolidated statements of profit or loss and other comprehensive income for the three-month and six-month periods ended 30 June 2026, and the related interim condensed consolidated statements of changes in equity and cash flows for the six-month period then ended, and explanatory notes. Management is responsible for the preparation and presentation of these interim condensed consolidated financial statements in accordance with International Accounting Standard 34, "Interim Financial Reporting" ("IAS 34") as endorsed in the Kingdom of Saudi Arabia. Our responsibility is to express a conclusion on these interim condensed consolidated financial statements based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" as endorsed in the Kingdom of Saudi Arabia. A review of interim financial statement consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

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

for Ernst & Young Professional Services

Ahmed Ibrahim Reda
Certified Public Accountant
License No. 356

Jeddah: 30 Safar 1448H
(13 August 2026G)

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شركة إرنست ويونغ للخدمات المهنية
(مهنية ذات مسؤولية محدودة)
Ernst & Young Professional Services
(Professional LLC)

MIDDLE EAST COMPANY FOR MANUFACTURING AND PRODUCING PAPER
(A SAUDI JOINT STOCK COMPANY)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2026

(Expressed in ⃁ unless otherwise stated)

	Notes	*30 June 2026 (Unaudited)*	*31 December 2025 (Audited)*
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	5	**1,637,305,852**	1,431,865,458
Investment property	8	**32,330,000**	-
Intangible assets		**14,924,274**	17,056,251
TOTAL NON-CURRENT ASSETS		**1,684,560,126**	1,448,921,709
CURRENT ASSETS			
Inventories	9	**149,452,980**	215,492,407
Trade receivables	10	**359,293,241**	347,694,427
Prepayments and other receivables		**11,094,842**	11,503,557
Other current assets	11	**137,139,420**	149,290,684
Cash and cash equivalents	12	**454,792,432**	495,352,589
TOTAL CURRENT ASSETS		**1,111,772,915**	1,219,333,664
TOTAL ASSETS		**2,796,333,041**	2,668,255,373
EQUITY AND LIABILITIES			
EQUITY			
Share capital	15	**866,666,650**	866,666,650
Share premium	15	**419,999,979**	419,999,979
Retained earnings		**357,659,687**	341,502,520
Equity attributable to equity holders of parent		**1,644,326,316**	1,628,169,149
Non-controlling interests		**(6,785,009)**	(7,430,361)
TOTAL EQUITY		**1,637,541,307**	1,620,738,788
LIABILITIES			
NON-CURRENT LIABILITIES			
Interest-bearing long-term borrowings	13.1	**346,078,558**	257,106,834
Lease liabilities	7.2	**20,909,208**	20,651,883
Employee defined benefits liabilities		**35,272,793**	38,139,995
TOTAL NON-CURRENT LIABILITIES		**402,260,559**	315,898,712
CURRENT LIABILITIES			
Interest-bearing long-term borrowings – current portion	13.1	**96,414,605**	120,009,417
Interest-bearing short-term borrowings	13.2	**394,842,582**	337,301,909
Trade and other payables		**241,122,925**	251,545,855
Other current liabilities		**18,021,891**	9,220,823
Zakat payable	14.2	**6,129,172**	13,539,869
TOTAL CURRENT LIABILITIES		**756,531,175**	731,617,873
TOTAL LIABILITIES		**1,158,791,734**	1,047,516,585
TOTAL EQUITY AND LIABILITIES		**2,796,333,041**	2,668,255,373

Chief Financial officer

Group Chief Executive Officer

Chairman of the Board

The accompanying notes from 1 to 23 form an integral part of these interim condensed consolidated financial statements.

MIDDLE EAST COMPANY FOR MANUFACTURING AND PRODUCING PAPER
(A SAUDI JOINT STOCK COMPANY)

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

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

(Expressed in ⃁ unless otherwise stated)

	Notes	*Three-month period ended 30 June*		*Six-month period ended 30 June*	
		2026 (unaudited)	*2025 (unaudited)*	***2026 (unaudited)***	*2025 (unaudited)*
Revenue	4	**298,012,904**	275,129,510	**542,305,194**	534,219,588
Cost of revenue		**(241,491,893)**	(238,068,071)	**(459,174,865)**	(463,211,466)
GROSS PROFIT		**56,521,011**	37,061,439	**83,130,329**	71,008,122
Selling and distribution expenses		**(3,745,759)**	(4,852,582)	**(7,092,333)**	(9,798,738)
General and administrative expenses		**(34,049,660)**	(24,298,793)	**(50,133,273)**	(44,885,215)
Reversal / (impairment) of losses on financial assets	10.1	**935,248**	(1,381,039)	**(3,076,762)**	2,518,733
Other operating income, net		**712,725**	5,423,226	**2,316,255**	6,340,026
OPERATING PROFIT		**20,373,565**	11,952,251	**25,144,216**	25,182,928
Finance costs		**(7,280,441)**	(9,079,306)	**(15,897,788)**	(18,934,311)
Finance income		**4,034,037**	6,031,967	**8,806,197**	12,290,729
PROFIT BEFORE ZAKAT		**17,127,161**	8,904,912	**18,052,625**	18,539,346
Zakat expense	14.2	**(1,797,726)**	(3,857,290)	**(4,123,601)**	(8,194,687)
PROFIT FOR THE PERIOD		**15,329,435**	5,047,622	**13,929,024**	10,344,659
Attributable to:					
Equity holders of the parent		**15,288,530**	5,225,375	**13,294,448**	10,556,727
Non-controlling interests		**40,905**	(177,753)	**634,576**	(212,068)
		15,329,435	5,047,622	**13,929,024**	10,344,659
OTHER COMPREHENSIVE INCOME					
Items not to be reclassified to statement of profit or loss in subsequent periods:					
Re-measurement gain on employee defined benefits obligations		**2,873,495**	723,351	**2,873,495**	723,351
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		**18,202,930**	5,770,973	**16,802,519**	11,068,010
Attributable to:					
Equity holders of the parent		**18,151,249**	5,969,554	**16,157,167**	11,300,906
Non-controlling interests		**51,681**	(198,581)	**645,352**	(232,896)
		18,202,930	5,770,973	**16,802,519**	11,068,010
EARNINGS PER SHARE:					
Earnings per share attributable to ordinary equity holders of the Parent (⃁)					
- Basic and diluted	18	**0.18**	0.06	**0.15**	0.12

Chief Financial officer

Chief Executive Officer

Chairman of the Board

The accompanying notes from 1 to 23 form an integral part of these interim condensed consolidated financial statements.

MIDDLE EAST COMPANY FOR MANUFACTURING AND PRODUCING PAPER
(A SAUDI JOINT STOCK COMPANY)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the three-month and six-month periods ended 30 June 2026
(Expressed in ⃁ unless otherwise stated)

	Attributable to equity holders of the Parent						
	Share capital	*Share premium*	*Statutory reserve*	*Retained earnings*	*Total*	*Non-controlling interests*	*Total equity*
Balance as at 01 January 2026 (Audited)	**866,666,650**	**419,999,979**	-	**341,502,520**	**1,628,169,149**	**(7,430,361)**	**1,620,738,788**
Profit for the period	-	-	-	**13,294,448**	**13,294,448**	**634,576**	**13,929,024**
Other comprehensive income for the period	-	-	-	**2,862,719**	**2,862,719**	**10,776**	**2,873,495**
Total comprehensive income for the period	-	-	-	**16,157,167**	**16,157,167**	**645,352**	**16,802,519**
At 30 June 2026 (Unaudited)	**866,666,650**	**419,999,979**	-	**357,659,687**	**1,644,326,316**	**(6,785,009)**	**1,637,541,307**
Balance as at 01 January 2025 (Audited)	866,666,650	419,999,979	135,278,852	184,282,212	1,606,227,693	(6,194,341)	1,600,033,352
Profit / (loss) for the period	-	-	-	10,556,727	10,556,727	(212,068)	10,344,659
Other comprehensive income / (loss) for the period	-	-	-	744,179	744,179	(20,828)	723,351
Total comprehensive income / (loss) for the period	-	-	-	11,300,906	11,300,906	(232,896)	11,068,010
Transfer of statutory reserve (note 16)	-	-	(135,278,852)	135,278,852	-	-	-
At 30 June 2025 (Unaudited)	866,666,650	419,999,979	-	330,861,970	1,617,528,599	(6,427,237)	1,611,101,362

Chief Financial officer

Chief Executive Officer

Chairman of the Board

The accompanying notes from 1 to 23 form an integral part of these interim condensed consolidated financial statements.

MIDDLE EAST COMPANY FOR MANUFACTURING AND PRODUCING PAPER
(A SAUDI JOINT STOCK COMPANY)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

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

(Expressed in ⃁ unless otherwise stated)

	Note	*2026 (Unaudited)*	*2025 (Unaudited)*
OPERATING ACTIVITIES			
Profit before zakat		**18,052,625**	18,539,346
Adjustments to reconcile profit before zakat to net cash flows:			
Depreciation of property, plant and equipment	5	**50,870,056**	59,527,111
Amortisation of intangible assets		**2,327,479**	2,202,164
Loss on disposal of property, plant and equipment		**36,186**	-
Gain on disposal of a subsidiary	1(a)	**(211,500)**	-
Charge / (reversal) of allowance for impairment of trade receivables	10	**3,076,762**	(2,518,734)
Charge of allowance for slow moving inventories	9	**592,720**	1,250,000
Provision for legal cases		**800,000**	
Employee benefits provision		**3,535,636**	3,836,056
Finance costs		**15,897,788**	18,934,311
Finance income		**(8,806,197)**	(12,290,729)
		86,171,555	89,479,525
Working capital changes:			
Decrease in inventories		**65,446,707**	6,328,334
Increase in trade receivables		**(14,675,576)**	(349,029)
Decrease / (increase) in prepayments and other receivables		**1,214,004**	(913,005)
Increase in other current assets		**(20,178,736)**	(19,606,970)
(Decrease) / increase in trade and other payables		**(8,248,021)**	45,055,883
Increase in other current liabilities		**8,801,068**	4,315,676
Cash from operations		**118,531,001**	124,310,414
Finance costs paid		**(16,100,438)**	(19,422,349)
Finance income received		**8,000,908**	12,290,729
Zakat paid		**(11,534,298)**	(19,806,266)
Employee benefits paid		**(3,529,343)**	(5,900,548)
Net cash flows from operating activities		**95,367,830**	91,471,980
INVESTING ACTIVITIES			
Purchase of property, plant and equipment		**(9,919,021)**	(9,748,408)
Purchase of intangible assets		**(195,502)**	(206,277)
Proceeds from disposal of property and equipment		**26,523**	-
Proceeds from disposal of a subsidiary	1(a)	**211,500**	-
Additions to capital work in progress		**(238,917,517)**	(123,308,368)
Net cash flows used in investing activities		**(248,794,017)**	(133,263,053)

Chief Financial officer

Chief Executive Officer

Chairman of the Board

The accompanying notes from 1 to 23 form an integral part of these interim condensed consolidated financial statements.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (continued)

For the three-month and six-month periods ended 30 June 2026
(Expressed in ⃁ unless otherwise stated)

	note	2026 (Unaudited)	2025 (Unaudited)
FINANCING ACTIVITIES			
Net change in short-term borrowings	13.2	**54,070,958**	(41,284,066)
Proceeds from long-term borrowings	13.1	**141,684,378**	94,218,842
Repayments of long-term borrowings	13.1	**(78,798,874)**	(63,567,981)
Payment of principal portion of lease liabilities	7.2	**(4,090,432)**	(6,773,052)
Net cash flows from / (used in) financing activities		**112,866,030**	(17,406,257)
Net decrease in cash and cash equivalents		**(40,560,157)**	(59,197,330)
Cash and cash equivalents at the beginning of the period		**495,352,589**	610,683,119
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD		**454,792,432**	551,485,789

SUPPLEMENTARY NON-CASH INFORMATION

	note	2026 (Unaudited)	2025 (Unaudited)
Finance charges capitalised in capital work in progress	6	**6,163,773**	3,024,623
Amortisation of deferred finance charges	13	**950,348**	1,166,903
Transfers from capital work in progress to property, plant and equipment	5&6	**6,080,775**	1,612,608
Transfer from other current assets to investment property	11(b)	**32,330,000**	-
Addition to right-of-use assets and lease liabilities	7	**1,372,848**	26,614,163

Chief Financial officer | Chief Executive Officer | Chairman of the Board

The accompanying notes from 1 to 23 form an integral part of these interim condensed consolidated financial statements.

1 CORPORATE INFORMATION

Middle East Company for Manufacturing and Producing Paper (“MEPCO” or the “Company”) and its subsidiaries (collectively “the Group”) are engaged in the production and sale of container board, and industrial paper. MEPCO is a Saudi Joint Stock Company incorporated and operating in the Kingdom of Saudi Arabia. The Company also uses the name Middle East Paper Company in its business operations, agreements and trademarks including places such as Saudi Stock Exchange.

The Company obtained its Unified Identification No. 7001404602 and Commercial Registration No. 4030131516 on 3 Rajab 1421H, corresponding to 30 September 2000. During the year 2012, the legal status of the Company converted from a limited liability company into a Saudi Closed Joint Stock Company. The Ministry of Commerce approved the conversion of the Company to a Saudi Closed Joint Stock Company by Ministerial Decision No. 44 dated 14 Safar 1433H (corresponding to 8 January 2012). The Company was converted to Saudi Joint Stock Company on 14 Rajab 1436H (3 May 2015). The Company had investments in the following subsidiaries (collectively referred to as “Group”):

Subsidiary name	*Unified Identification No.*	*Commercial Registration No.*	*Country of incorporation*	*Principal business activity*	***30 June 2026***	*31 December 2025*
					Effective ownership interest	
Direct holdings						
Waste Collection and Recycling Company Limited (“WASCO”)	7001464002	4030148944	Saudi Arabia	Whole and retail sales of paper, carton and plastic waste	100%	100%
Juthor Paper Manufacturing Company Limited (“Juthor”)	7021283937	4627100075	Saudi Arabia	Production and sales of tissue paper rolls.	100%	100%
Al-Tadweer Al-Akhdar Industrial Company (“Al-Tadweer”)	7039584003	4030559839	Saudi Arabia	Production of cardboard, corrugated paper and other papers (not yet operated)	100%	100%
Indirect holdings						
Estidama Environmental Services Company LLC (“Estidama”)	7025433355	4030425769	Saudi Arabia	Whole sales of waste, scrap, and other unclassified products and waste management and treatment services.	50%	50%
Saudi - Jordanian Waste Collection and Recycling Company (“Saudi- Jordanian WASCO”) (refer note a)	200091340	15293	Jordan	Recycle and collect carton waste, manufacture, import and export carton. Retail trade in paper and carton.	-	100%

a) During 2025, management decided to sell Saudi Jordanian WASCO as no longer deemed sustainable or strategically beneficial. On 15 April 2025, the Group entered into a sales and purchase agreement with a third-party to sell its interest in Saudi Jordanian WASCO for cash consideration of ⃁ 211,500 subjects to Board approval, receipt of full consideration and completion of legal and regulatory requirements. On 22 May 2025 the Board approved the sale of Saudi Jordanian WASCO. During the period ended 30 June 2026, the legal and regulatory formalities relating to the sale have been completed and, accordingly Saudi Jordanian WASCO was deconsolidated from the Group from the date control was transferred.

During the period ended 30 June 2026, Saudi Jordanian WASCO incurred losses amounted to ⃁ 102,754 (2025: ⃁ 11,112) and had ⃁ nil net assets as of 30 June 2026 (31 December 2025: ⃁ 190,122). The Group recognized ⃁ 211,500 as a gain from disposal. The sale of Saudi Jordanian WASCO did not represent a disposal of separate significant operation or geographical area for the Group’s operations and were not material to the Group. The criteria for discontinued operations under IFRS5, *Non-current Assets Held for Sale and Discontinued Operations*, were not met and hence, the results and cash flows of Saudi Jordanian WASCO have not been presented as discontinued operations in the interim condensed consolidated financial statements.

2 BASIS OF PREPARATION

2.1 Statement of compliance

The interim condensed consolidated financial statements for the three-months and six-month periods ended 30 June 2026 have been prepared in accordance with International Accounting Standard 34 - Interim Financial Reporting ("IAS 34") as endorsed in the Kingdom of Saudi Arabia. The Group has prepared the interim condensed consolidated financial statements on the basis that it will continue to operate as a going concern.

The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual consolidated financial statements and should be read in conjunction with the Group's annual consolidated financial statements for the year ended 31 December 2025 (refer also note 2.5).

2.2 Basis of measurement

These interim condensed consolidated financial statements are prepared under the historical cost convention.

2.3 Functional and presentation currency

These interim condensed consolidated financial statements are presented in Saudi Riyals (⃁), which is the Group's functional and presentation currency.

2.4 Material accounting judgements, estimates and assumptions

The preparation of the Group's interim condensed consolidated financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets, liabilities and accompanying disclosures. 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 period, were disclosed in annual consolidated financial statements for the year ended 31 December 2025. Any future change in the assumptions and estimates could result in outcomes that could require material adjustment to the carrying amounts of the assets or liabilities affected in the future periods.

2.5 Material accounting policies

The accounting policies adopted by the Group for the preparation of these interim condensed consolidated financial statements are consistent with those followed in preparation of the Group's annual consolidated financial statements for the year ended 31 December 2025, except for investment property accounting policy which applied for the first time by the Group (refer note 2.5.1) and accounting policies related to the new standard adopted by the Group effective as of 1 January 2026 (refer note 3). The Group has not early adopted any standard, interpretation or amendment that has been issued but not yet effective.

2.5.1 Investment properties

Investment properties is property held either to earn rental income or for capital appreciation or for both, as well as those held for undetermined future use but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes. Investment properties are measured at cost less accumulated depreciation and impairment loss, if any.

Investment properties are derecognized either when they have been disposed off 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 recognized in the statement of profit or loss in the period of derecognition.

Transfers are made from investment properties to property and equipment only when there is a change in use evidenced by commencement of development with a view to selling. Such transfers are made at the carrying value of the property at the date of transfer.

3 NEW STANDARDS, INTERPRETATIONS AND AMENDMENTS ADOPTED BY THE GROUP

3.1 Annual Improvements to IFRS accounting Standards - Volume 11

In July 2024, the IASB issued nine narrow scope amendments as part of its periodic maintenance of IFRS accounting standards. The amendments include clarifications, simplifications, corrections or changes to improve consistency in IFRS 1 First-time Adoption of International Financial Reporting Standards, IFRS 7 Financial instruments: Disclosure and its accompanying Guidance on implementing IFRS 7, IFRS 9 Financial Instruments, IFRS 10 Consolidated Financial Statements and IAS 7 Statements of Cash Flows. The amendments had no impact on the Group's interim condensed financial statements.

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

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

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

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

3.3 Classification and Measurement of Financial Instruments - Amendments to IFRS 9 and IFRS 7

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

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

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

3 NEW STANDARDS, INTERPRETATIONS AND AMENDMENTS ADOPTED BY THE GROUP (continued)

3.4 IFRS 18 Presentation and Disclosure in Financial Statements

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

The key new concepts introduced by IFRS 18 include:

- A revised structure of the statement of profit or loss, requiring classification of income and expenses into 5 defined categories based on the entity's main business activities and presentation of mandatory subtotals;
- Enhanced principles on aggregation and disaggregation which apply to the primary financial statements and notes in general; and
- Required disclosures in the financial statements for certain profit or loss performance measures that are reported outside an entity's financial statements (that is, management-defined performance measures).

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

3.4.1 Structure of the Statement of Profit or Loss:

IFRS 18 is expected to result in changes to the presentation of certain line items and subtotals in the statement of profit or loss namely operating, investing, financing, zakat/income tax and discontinued operations. This classification depends on the main business activities of the entity.
Based on the Group preliminary assessment and the nature of its main business activities, performed to date, the Group expects changes to the current structure of Statement of Profit or Loss to result in:

- Interest income and costs are generally included in finance income and finance costs under the Group's current accounting policy. IFRS 18 provides specific guidance on the income and costs classified in the investing and financing categories.
- Interest costs on employee benefit obligations, which is currently presented within employee costs, will be classified and presented within finance costs.

3.4.2 Principles of aggregation and disaggregation

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

Certain profit or loss line items description, aggregations and subtotals may change to provide useful structured summaries and disclose additional material information in the notes. The Group is performing a detailed assessment to determine the appropriate classification of items. The Group doesn't expect a significant change in this regard. The Group also expects expanded disclosure requirements relating to the aggregation and disaggregation of information.

The Group is also assessing line items currently labeled as "other" and will use more informative labels that describes the aggregated items as precisely as possible.

3 NEW STANDARDS, INTERPRETATIONS AND AMENDMENTS ADOPTED BY THE GROUP (continued)

3.4 IFRS 18 Presentation and Disclosure in Financial Statements (continued)

3.4.3 Management-defined performance measures

Management-defined Performance Measures (MPMs) is a subtotal of income and expenses that entity uses in public communication outside the financial statements that communicates management’s view of an aspect of the financial performance of the entity as a whole. Where applicable, these measures may require quantitative reconciliation to IFRS-defined subtotals together with expanded explanatory disclosures.

The Group is assessing whether performance measures currently communicated to investors, analysts and other stakeholders, outside the Group financial statements including adjusted earnings measures, underlying profit measures and certain operating performance metrics (i.e., adjusted EBIDTA), that meets the definition of an MPM under IFRS 18.

3.4.4 Consequential amendments

The Group is also evaluating the consequential amendments arising from IFRS 18, including amendments to IAS 7 Statement of Cash Flows and IAS 34 Interim Financial Reporting. The Group currently uses profit or loss before zakat as a starting point of the reconciliation to cash flows from operating activities. Certain adjusting items included in the reconciliation will change as a result of the new starting point.

The consequential amendments also provide specific guidance on the classification of interest and dividend cash flows. The Group will classify cash flows from interest paid as financing activities rather than operating activities under IFRS 18.

The Group assessment remains ongoing and further refinements to the expected impact may arise as implementation activities progress and addition.

4 DISAGGREGATED REVENUE AND SEGMENT INFORMATION

4.1 Disaggregated revenue information

Set out below is the disaggregation of the Group's revenue from contracts with customers:
The entire Group's revenues have been recognised at a point in time.

	For the three-month period ended 30 June 2026 (Unaudited)		
Segment	***Manufacturing***	***Trading***	***Total***
Type of goods			
Sale of container board and industrial papers	**222,165,847**	-	**222,165,847**
Sale of tissue paper	**69,261,633**	-	**69,261,633**
Sale of paper, carton and plastic waste	**-**	**6,585,424**	**6,585,424**
Total revenue from contracts with customers	**291,427,480**	**6,585,424**	**298,012,904**
Geographical markets (customers location)			
Saudi Arabia	**232,891,385**	**6,585,424**	**239,476,809**
Other GCC Countries	**13,942,898**	-	**13,942,898**
Asia	**38,423,244**	-	**38,423,244**
Africa	**829,630**	-	**829,630**
Europe	**4,771,916**	-	**4,771,916**
Americas	**568,407**	-	**568,407**
Total revenue from contracts with customers	**291,427,480**	**6,585,424**	**298,012,904**

	For the six-month period ended 30 June 2026 (Unaudited)		
Segment	***Manufacturing***	***Trading***	***Total***
Type of goods			
Sale of container board and industrial papers	**402,698,165**	-	**402,698,165**
Sale of tissue paper	**128,916,216**	-	**128,916,216**
Sale of paper, carton and plastic waste	**-**	**10,690,813**	**10,690,813**
Total revenue from contracts with customers	**531,614,381**	**10,690,813**	**542,305,194**
Geographical markets (customers location)			
Saudi Arabia	**432,706,129**	**10,690,813**	**443,396,942**
Other GCC Countries	**22,925,621**	-	**22,925,621**
Asia	**60,201,075**	-	**60,201,075**
Africa	**2,392,307**	-	**2,392,307**
Europe	**10,156,194**	-	**10,156,194**
Americas	**3,233,055**	-	**3,233,055**
Total revenue from contracts with customers	**531,614,381**	**10,690,813**	**542,305,194**

During the six-month period ended 30 June 2026, revenue from two customers amounted to ⃁ 113 million (30 June 2025: ⃁ 87 million), arising from sales in manufacturing segment.

4 DISAGGREGATED REVENUE AND SEGMENT INFORMATION (continued)

4.1 Disaggregated revenue information (continued)

	For the three-month period ended 30 June 2025 (Unaudited)		
Segment	*Manufacturing*	*Trading*	*Total*
Type of goods			
Sale of container board and industrial papers	190,590,016	-	190,590,016
Sale of tissue paper	69,940,299	-	69,940,299
Sale of paper, carton and plastic waste	-	14,599,195	14,599,195
Total revenue from contracts with customers	260,530,315	14,599,195	275,129,510
Geographical markets (customers location)			
Saudi Arabia	179,842,277	14,599,195	194,441,472
Other GCC Countries	18,440,744	-	18,440,744
Asia	34,952,136	-	34,952,136
Africa	19,693,529	-	19,693,529
Europe	5,648,913	-	5,648,913
Americas	1,952,716	-	1,952,716
Total revenue from contracts with customers	260,530,315	14,599,195	275,129,510

	For the six-month period ended 30 June 2025 (Unaudited)		
Segment	*Manufacturing*	*Trading*	*Total*
Type of goods			
Sale of container board and industrial papers	373,539,853	-	373,539,853
Sale of tissue paper	139,188,057	-	139,188,057
Sale of paper, carton and plastic waste	-	21,491,678	21,491,678
Total revenue from contracts with customers	512,727,910	21,491,678	534,219,588
Geographical markets (customers location)			
Saudi Arabia	366,242,020	21,491,678	387,733,698
Other GCC Countries	39,392,601	-	39,392,601
Asia	65,352,514	-	65,352,514
Africa	26,128,446	-	26,128,446
Europe	12,922,529	-	12,922,529
Americas	2,689,800	-	2,689,800
Total revenue from contracts with customers	512,727,910	21,491,678	534,219,588

4. DISAGGREGATED REVENUE AND SEGMENT INFORMATION (continued)

4.2 Segment information

For management purposes, the Group is organised into business units based on its products, nature of production processes, business nature and strategies and has two reportable operating segments, as follows:

- Manufacturing segment represents manufacturing of container board and industrial paper as well as tissue paper.
- Trading segment represents wholesale and retail sales of paper, carton and plastic waste.

No operating segments have been aggregated to form the above reportable operating segments. The entire Group's business notes are located and operating in KSA.

The Strategic and Executives Committee is the Chief Operating Decision Maker ("CODM") and monitor the operation results of its business units separately for the purpose of making decisions about resource allocation and performance assessment.

The following table presents segment information:

Results for the three-month period ended 30 June 2026 (Unaudited)	***Manufacturing***	***Trading***	***Elimination***	***Total***
External customers	**291,427,480**	**6,585,424**	**-**	**298,012,904**
Inter-segment	**-**	**54,697,216**	**(54,697,216)**	**-**
Total revenues	**291,427,480**	**61,282,640**	**(54,697,216)**	**298,012,904**
Segment profit / (loss) before zakat	**22,888,627**	**(3,549,025)**	**(2,212,441)**	**17,127,161**
Zakat expense	**1,790,179**	**7,547**	**-**	**1,797,726**
Finance costs	**6,571,174**	**793,869**	**(84,602)**	**7,280,441**
Depreciation and amortisation	**21,960,122**	**4,219,286**	**-**	**26,179,408**
Results for the six-month period ended 30 June 2026 (Unaudited)				
External customer	**531,614,381**	**10,690,813**	**-**	**542,305,194**
Inter-segment	**-**	**119,931,448**	**(119,931,448)**	**-**
Total revenues	**531,614,381**	**130,622,261**	**(119,931,448)**	**542,305,194**
Segment profit / (loss) before zakat	**27,355,194**	**(7,108,923)**	**(2,193,646)**	**18,052,625**
Zakat expense	**4,107,299**	**16,302**	**-**	**4,123,601**
Finance costs	**14,454,175**	**1,613,615**	**(170,002)**	**15,897,788**
Depreciation and amortisation	**44,761,333**	**8,436,202**	**-**	**53,197,535**

During the six-month period ended 30 June 2026, the trading segment reported a net loss of ⃁ 7.1 million (30 June 2025: ⃁ 2.9 million). These losses were principally attributable to the temporary business factors. The management has prepared a business plan in which they considered mitigation measures, operational and structuring plans that supports the trading segment's business continuity. The trading segment remains essential to the Group, as it supplies the manufacturing segment with the key raw material inputs. Management continues to monitor the operational and financial performance of the trading segment and assess the recoverability of the related assets in accordance with the requirements of IFRS Accounting Standards.

4. DISAGGREGATED REVENUE AND SEGMENT INFORMATION (continued)

4.2 Segment information

Results for the three-month period ended 30 June 2025 (Unaudited)	*Manufacturing*	*Trading*	*Elimination*	*Total*
External customers	260,530,314	14,599,196	-	275,129,510
Inter-segment	-	53,057,294	(53,057,294)	-
Total revenues	260,530,314	67,656,490	(53,057,294)	275,129,510
Segment profit / (loss) before zakat	16,661,228	(1,378,189)	(6,378,127)	8,904,912
Zakat expense	3,820,331	36,959	-	3,857,290
Finance costs	8,414,383	729,681	(64,758)	9,079,306
Depreciation and amortisation	26,557,742	4,165,956	-	30,723,698
Results for the six-month period ended 30 June 2025 (Unaudited)				
External customer	512,727,910	21,491,678	-	534,219,588
Inter-segment	-	116,434,648	(116,434,648)	-
Total revenues	512,727,910	137,926,326	(116,434,648)	534,219,588
Segment profit / (loss) before zakat	32,498,653	(2,913,614)	(11,045,693)	18,539,346
Zakat expense	8,104,648	90,039	-	8,194,687
Finance costs	17,350,414	1,713,523	(129,626)	18,934,311
Depreciation and amortisation	53,902,320	8,382,309	-	62,284,629

As of 30 June 2026 (Unaudited)				
Total assets	**3,568,651,186**	**132,650,318**	**(904,968,463)**	**2,796,333,041**
Total liabilities	**1,262,077,511**	**171,897,837**	**(275,183,614)**	**1,158,791,734**
As of 31 December 2025 (Audited)				
Total assets	3,293,194,372	116,601,554	(741,540,553)	2,668,255,373
Total liabilities	1,117,665,539	141,717,683	(211,866,637)	1,047,516,585

5. PROPERTY, PLANT AND EQUIPMENT

	30 June 2026 (unaudited)			*31 December 2025 (audited)*		
	Property, plant and equipment – owned (refer note 5.1)	***Property, plant and equipment – Leasehold (refer note 7.1)***	***Total***	*Property, plant and equipment – owned (refer note 5.1)*	*Property, plant and equipment – Leasehold (refer note 7.1)*	*Total*
Cost						
At 01 January	**2,664,012,388**	**90,207,868**	**2,754,220,256**	2,412,468,225	62,010,624	2,474,478,849
Additions	**255,000,311**	**1,372,848**	**256,373,159**	251,767,513	28,450,790	280,218,303
Disposals	**(869,674)**	**-**	**(869,674)**	(223,350)	(253,546)	(476,896)
Write-off	**(323,470)**	**-**	**(323,470)**	-	-	-
As at	**2,917,819,555**	**91,580,716**	**3,009,400,271**	2,664,012,388	90,207,868	2,754,220,256
Depreciation						
At 01 January	**(1,271,470,904)**	**(50,883,894)**	**(1,322,354,798)**	(1,163,775,276)	(42,002,708)	(1,205,777,984)
Depreciation charge	**(46,623,525)**	**(4,246,531)**	**(50,870,056)**	(107,913,628)	(9,013,907)	(116,927,535)
Disposals	**810,677**	**-**	**810,677**	218,000	132,721	350,721
Write-off	**319,758**	**-**	**319,758**	-	-	-
As at	**(1,316,963,994)**	**(55,130,425)**	**(1,372,094,419)**	(1,271,470,904)	(50,883,894)	(1,322,354,798)
Net book value	**1,600,855,561**	**36,450,291**	**1,637,305,852**	1,392,541,484	39,323,974	1,431,865,458

5. PROPERTY, PLANT AND EQUIPMENT (continued)

5.1 Property, plant and equipment – Owned

	Land	*Buildings and mobile cabinets*	*Machinery and equipment*	*Furniture and office equipment*	*Motor vehicles*	*Capital work in progress (note 6)*	*Total*
Cost							
At 1 January 2026	**137,398,877**	**288,869,893**	**1,913,923,061**	**30,053,542**	**37,389,986**	**256,377,029**	**2,664,012,388**
Additions	**-**	**5,344,524**	**4,345,377**	**191,320**	**37,800**	**245,081,290**	**255,000,311**
Transfers	**-**	**3,631,944**	**2,448,831**	**-**	**-**	**(6,080,775)**	**-**
Disposals	**-**	**-**	**-**	**(27,524)**	**(842,150)**	**-**	**(869,674)**
Write-off	**-**	**-**	**(323,470)**	**-**	**-**	**-**	**(323,470)**
30 June 2026	**137,398,877**	**297,846,361**	**1,920,393,799**	**30,217,338**	**36,585,636**	**495,377,544**	**2,917,819,555**
Depreciation							
At 1 January 2026	**-**	**(103,553,600)**	**(1,116,676,545)**	**(21,060,562)**	**(30,180,197)**	**-**	**(1,271,470,904)**
Depreciation charge	**-**	**(5,486,366)**	**(38,976,792)**	**(1,122,135)**	**(1,038,232)**	**-**	**(46,623,525)**
Disposals	**-**	**-**	**-**	**6,881**	**803,796**	**-**	**810,677**
Write-off	**-**	**-**	**319,758**	**-**	**-**	**-**	**319,758**
30 June 2026	**-**	**(109,039,966)**	**(1,155,333,579)**	**(22,175,816)**	**(30,414,633)**	**-**	**(1,316,963,994)**
Net book value							
At 30 June 2026 (unaudited)	**137,398,877**	**188,806,395**	**765,060,220**	**8,041,522**	**6,171,003**	**495,377,544**	**1,600,855,561**

5. PROPERTY, PLANT AND EQUIPMENT (continued)

5.1 Property, plant and equipment – Owned (continued)

	Land	*Buildings and mobile cabinets*	*Machinery and equipment*	*Furniture and office equipment*	*Motor vehicles*	*Capital work in progress (note 6)*	*Total*
Cost							
At 1 January 2025	137,398,877	288,273,283	1,895,152,898	28,758,910	35,263,233	27,621,024	2,412,468,225
Additions	-	571,914	11,965,133	1,294,632	2,350,103	235,585,731	251,767,513
Transfers from capital work-in-progress (note 6)	-	24,696	6,805,030	-	-	(6,829,726)	-
Disposals	-	-	-	-	(223,350)	-	(223,350)
31 December 2025	137,398,877	288,869,893	1,913,923,061	30,053,542	37,389,986	256,377,029	2,664,012,388
Depreciation							
At 1 January 2025	-	(92,287,899)	(1,025,244,962)	(18,301,900)	(27,940,515)	-	(1,163,775,276)
Depreciation charge	-	(11,265,701)	(91,431,583)	(2,758,662)	(2,457,682)	-	(107,913,628)
Disposals	-	-	-	-	218,000	-	218,000
31 December 2025	-	(103,553,600)	(1,116,676,545)	(21,060,562)	(30,180,197)	-	(1,271,470,904)
Net book value							
At 31 December 2025 (audited)	137,398,877	185,316,293	797,246,516	8,992,980	7,209,789	256,377,029	1,392,541,484

5.2 Certain buildings, mobile cabinets, machinery and equipment, furniture and office equipment relating to one of the Group subsidiaries “Juthor” are pledged as collateral to Saudi Industrial Development Fund (SIDF) as a first-degree pledge (refer note 13).

6. CAPITAL WORK IN PROGRESS

	Paper Machine-5 (PM5) (note a below)	*Tissue mill factory (TM6) (note b below)*	*Plant and Machinery (note c below)*	*Total*
At 1 January 2026 (audited)	**153,148,196**	**95,703,589**	**7,525,244**	**256,377,029**
Additions	**94,930,204**	**148,994,293**	**1,156,793**	**245,081,290**
Transfers to property, plant and equipment (refer note 5(a))	**-**	**-**	**(6,080,775)**	**(6,080,775)**
30 June 2026 (unaudited)	**248,078,400**	**244,697,882**	**2,601,262**	**495,377,544**
At 1 January 2025 (audited)	19,516,738	-	8,104,286	27,621,024
Additions	133,631,458	95,703,589	6,250,684	235,585,731
Transfers to property, plant and equipment (refer note 5(a))	-	-	(6,829,726)	(6,829,726)
31 December 2025 (audited)	153,148,196	95,703,589	7,525,244	256,377,029

(a) Paper Machine-5 (PM5)

During the year 2024, the Group started construction process of a new production line ("PM5") with expected total value at completion of ⃁ 1,760 million. As at 30 June 2026, PM5 related costs amounted to ⃁ 248.1 million (31 December 2025: ⃁ 153.2 million). PM5 is expected to be completed during 2027. During the period ended 30 June 2026, finance costs amounting to ⃁ 3.6 million were capitalised as part of capital work-in-progress (30 June 2025: ⃁ 2.5 million). The average capitalisation rate used was 6.7% (30 June 2025: 6.7%).

PM5 is located in Modon, Jeddah under the wholly owned subsidiary Al-Tadweer.

(b) Tissue mill factory (TM6)

During the year 2025, the Group started the construction process of the new tissue mill factory ("TM6"), as a new production line with total expected value at completion of ⃁ 350 million. As at 30 June 2026, TM6 related costs amounted to ⃁ 244.7 million (31 December 2025: ⃁ 95.7 million). TM6 is expected to be completed by end of 2026. During the period ended 30 June 2026, finance costs amounting to ⃁ 2.5 million were capitalised as part of capital work-in-progress (30 June ⃁ 2025: 0.6 million). The average capitalisation rate used was 6.7%.

TM6 are located in King Abdullah Economic City, Rabigh under the wholly owned subsidiary Juthor.

(c) Plant and Machinery

Capital work in progress as at 30 June 2026 includes costs incurred related to the ongoing projects for plant and machinery related to MEPCO and WASCO amounting to ⃁ 2.6 million (31 December 2025: ⃁ 7.5 million). During the period ended 30 June 2026 certain projects related to improvements and enhancements of the existing production lines amounting of ⃁ 6.1 million have been fully completed and started in their intended use (31 December 2025: ⃁ 6.8 million). The remaining projects related to plant and machinery are expected to be fully completed during the year last quarter 2026 and 2027.

7. LEASES

The Group has various leases contracts related to employees' accommodation, offices, and warehouses buildings which are shown under the category buildings and landfills sites for its subsidiaries shown under leased land. Rental contracts are typically made for fixed periods of 2 to 20 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The Group applies the 'short-term lease' recognition exemptions for the leases which have lease terms lower than or equal to one-year.

7.1 Set out below are the carrying amounts of right-of-use assets recognised (included within PP&E (note 5.1) and the movements during the period:

	Leasehold land – included within PP&E (Note 5)	*Leasehold buildings – included within PP&E (Note 5)*	*Total*
As at 1 January 2026 (Audited)	**36,147,127**	**3,176,847**	**39,323,974**
Additions during the period	**-**	**1,372,848**	**1,372,848**
Depreciation expense	**(3,529,650)**	**(716,881)**	**(4,246,531)**
As at 30 June 2026 (unaudited)	**32,617,477**	**3,832,814**	**36,450,291**
As at 1 January 2025 (Audited)	18,726,954	1,280,962	20,007,916
Additions during the year	24,655,314	3,795,476	28,450,790
Lease termination	-	(120,825)	(120,825)
Depreciation expense	(7,235,141)	(1,778,766)	(9,013,907)
As at 31 December 2025 (Audited)	36,147,127	3,176,847	39,323,974

7.2 Set out below are the carrying amounts of lease liabilities and the movements during the year:

	30 June 2026 (Unaudited)	*31 December 2025 (Audited)*
At the 1 January	**30,994,540**	17,786,093
Additions during the period/year	**1,372,848**	28,450,790
Accretion of interest during the period/year	**1,115,893**	2,354,159
Payments during the period/year	**(5,206,325)**	(17,369,799)
Lease termination	**-**	(226,703)
At the end of the period / year	**28,276,956**	30,994,540

The scheduled maturities of the lease liabilities are as follows:

As at 30 June 2026	***Principal Amount***	***Interest***	***Net lease liabilities***
Current portion - *included within trade and other payables*	**12,861,863**	**(5,494,115)**	**7,367,748**
Non-current portion	**33,993,199**	**(13,083,991)**	**20,909,208**
	46,855,062	**(18,578,106)**	**28,276,956**

As at 31 December 2025 (Audited)	*Principal amount*	*Interest*	*Net lease liabilities*
Current portion - *included within trade and other payables*	13,493,373	(3,150,716)	10,342,657
Non-current portion	34,059,071	(13,407,188)	20,651,883
	47,552,444	(16,557,904)	30,994,540

8 INVESTMENT PROPERTY

	30 June 2026 (Unaudited)	*31 December 2025 (Audited)*
Cost:		
At the beginning of the period/year	-	-
Transfer from other current assets (refer note 11(b))	**32,330,000**	-
At the end of the period/year	**32,330,000**	-
Accumulated Impairment loss:		
Impairment loss for the period/ year	-	-
At the end of the period/year	-	-
Net book value:		
At the end of the period/year	32,330,000	-

The Group's investment property represents a parcel of land in Kingdom of Saudi Arabia which are currently held for undetermined future use. The fair value of the Group's investment property as at 30 June 2026 was valued at ⃁ 168 million.

The fair value of the Group's investment property, as at 30 June 2026 was determined on the basis of the valuation exercise carried out by an independent external real estate evaluator "Efad for Property Valuation" accredited by the Saudi Authority for Accredited Valuers ("TAQEEM") and they have appropriate qualifications and relevant experience in the fair value measurement of properties in the relevant locations.

Valuation methodology:
Valuation was determined using market approach, comparable method. Under this approach, the independent valuer obtains land prices in the neighboring districts and if necessary, adjusts them for difference in specification of the Group's properties. The unit of comparison applied by the Group is the price per square meter.

This valuation model is consistent with those recommended by the International Valuation Standards Committees and is consistent with the principles set out in IFRS 13 of the International Financial Reporting Standards.

Valuation approach	**Key inputs and assumptions used**
Market approach Represent recoverable amount based on a market participant's view and ability to maximize fair value based on immediate sale of the lands located in the different zones.	Relevant comparable transactions Weightages allocated to comparable transaction

The significant assumptions used in determining the fair value of investment properties are as follows:

Input/assumption description	**Value**	**Sensitivity**
Relevant comparable transactions (actual transactions).	⃁ 135 per square meter to ⃁ 236 per square meter	Based on the sensitivity analysis performed by the management, there is no significant difference from the fair value.

Such values are based on observable inputs and the fair value measurement was classified as Level 2.

9 INVENTORIES

	30 June 2026 (Unaudited)	*31 December 2025 (Audited)*
Raw materials	**79,414,303**	100,950,504
Finished goods	**22,181,493**	28,029,709
Goods in transit	**11,344,479**	47,407,229
Consumable spare parts, not held for sale	**67,095,974**	69,095,514
	180,036,249	245,482,956
Less: Allowance for slow moving and obsolete inventories (refer note 9.1)	**(30,583,269)**	(29,990,549)
	149,452,980	215,492,407

9.1 Movement in allowance for slow moving and obsolete inventories is as follows:

	30 June 2026 (Unaudited)	*31 December 2025 (Audited)*
01 January	**29,990,549**	34,432,090
Charge during the period/year	**592,720**	2,651,185
Write-offs period/year	**-**	(7,092,726)
	30,583,269	29,990,549

10 TRADE RECEIVABLES

	30 June 2026 (Unaudited)	*31 December 2025 (Audited)*
Trade receivables – Local	**357,378,125**	335,826,320
Trade receivables – Export	**27,393,396**	34,269,625
	384,771,521	370,095,945
Less: Allowance for impairment (refer note 10.1)	**(25,478,280)**	(22,401,518)
	359,293,241	347,694,427

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

	30 June 2026 (Unaudited)	*31 December 2025 (Audited)*
1 January	**22,401,518**	27,586,026
Charge / (reversal) during the period/year	**3,076,762**	(4,095,504)
Write off during the period/year	**-**	(1,089,004)
	25,478,280	22,401,518

11 OTHER CURRENT ASSETS

	Notes	***30 June 2026 (Unaudited)***	*31 December 2025 (Audited)*
Capital project advances	(a)	**118,435,887**	97,560,384
Advances to suppliers		**16,861,965**	16,420,068
Advances to related parties	20.3	**677,464**	536,671
Advance against land	(b)	**-**	32,330,000
Advances to employees		**2,437,143**	3,716,600
		138,412,459	150,563,723
Less: Allowance for impairment on advances to suppliers		**(1,273,039)**	(1,273,039)
		137,139,420	149,290,684

(a) Capital project advances include advances related to the projects of the new production lines under construction i.e., PM5 and TM6.

(b) During 2017, the Group paid ⃁ 32.3 million to acquire land through a public auction. The Court of Appeal of the Makkah Region subsequently issued a final judgment in 2018 confirming the Group as the legal owner of the land. In 2021, the Group was notified that, due to enforcement related restrictions imposed on the former landowner in connection with enforcement proceedings, the Group was unable to complete the procedural requirements to register the title deed in its name, notwithstanding the final court rulings in the Group's favour. These restrictions were subsequently addressed, and the related legal claims were dismissed with final, non-appealable rulings issued in favour of the Group. Up to 31 March 2026, the legal ownership of the land was not under dispute; however, the administrative and procedural steps required to complete the registration of the title deed in the Group's name have not yet been finalised. Management, supported by its external legal counsel, expects that these procedures will be completed in the Group's favour.

During the period ended 30 June 2026, the remaining procedural requirements were fully completed and the title deed has registered under the Group's name. Management has reassessed the intended use of the land and concluded that the land will be held for undetermined future use (capital appreciation) rather than for use in production or administrative purposes. Accordingly, the amount previously presented as an advance against land has been reclassified to investment properties in accordance with IAS 40, investment properties.

12 CASH AND CASH EQUIVALENTS

	30 June 2026 (Unaudited)	*31 December 2025 (Audited)*
Short-term deposits	**393,841,789**	451,719,643
Cash at bank	**60,358,487**	43,252,444
Cash in hand	**592,156**	380,502
	454,792,432	495,352,589

Short-term deposits are placed with a local commercial bank with the original term of maturity up to three months and denominated in ⃁. Short-term deposits yield financial income at prevailing market rates of interest. During the current period, the Group earned ⃁ 8.8 million (six-month period ended 30 June 2025: ⃁ 12.3 million) on short-term deposits at the rate of return ranging between 4.60 % to 5.30% (six-month period ended 30 June 2025: from 5.60% to 6.00%).

13 LOANS AND BORROWINGS

13.1 Interest-bearing long-term borrowings

	30 June 2026 (Unaudited)	*31 December 2025 (Audited)*
Saudi Industrial Development Fund (SIDF) loans - Principal	**126,000,000**	133,000,000
Accrued finance charges	**721,667**	810,636
Less: Deferred financial charges	**(4,405,365)**	(5,355,713)
SIDF loans (i)	**122,316,302**	128,454,923
Commercial banks - Islamic banking facilities (Tawarruq)	**314,109,672**	244,224,168
Accrued finance charges – Banks	**6,067,189**	4,437,160
Islamic banking facilities (Tawarruq) (ii)	**320,176,861**	248,661,328
Total Interest-bearing long-term borrowings	**442,493,163**	377,116,251
Interest-bearing long-term borrowings shown under current liabilities (current portion):		
Borrowings – gross	**91,867,241**	116,578,855
Accrued finance charges	**6,204,845**	5,247,796
Less: Deferred financial charges	**(1,657,481)**	(1,817,234)
	96,414,605	120,009,417
Interest-bearing long-term borrowings shown under non-current liabilities (non-current portion):		
Borrowings - gross	**348,826,442**	260,645,313
Less: Deferred financial charges	**(2,747,884)**	(3,538,479)
	346,078,558	257,106,834

Reconciliation of cash movement of borrowings

	30 June 2026 (Unaudited)	*31 December 2025 (Audited)*
Balance at beginning of the period/year	**377,116,251**	380,912,156
Proceeds during the period/year	**141,684,378**	120,672,927
Repayment of principal instalments	**(78,798,874)**	(129,135,961)
Movement in accrued financial charges	**1,541,060**	2,462,378
Movement in deferred financial charges	**950,348**	2,204,751
Balance at the end of period /year	**442,493,163**	377,116,251

13. LOANS AND BORROWINGS, (continued)

13.1 Interest-bearing long-term borrowings (continued)

(i) During 2020, the Group had obtained facility from Saudi Industrial Development Fund (SIDF) amounting to ⃁ 55 million to finance the construction of manufacturing facilities and the Group has fully withdrawn this facility. The loan is repayable in unequal semi-annual instalments up to August 2025. This loan has been completely settled during the year ended 31 December 2025.

During 2021, the Group obtained a new facility from SIDF for the tissue paper factory amounting to ⃁ 150 million to finance the construction of manufacturing facilities. The Group has utilised ⃁ 150 million as of 30 June 2026 (31 December 2025: ⃁ 150 million). The loan is repayable in unequal semi-annual instalments up to the year 2030.

Upfront fees were deducted at the time of receipt of the loans. These fees are amortised over the period of respective loans. The loans bear a follow up fee to be paid on periodic basis. Under the terms of the SIDF loan agreement, the Group's property, plant and equipment are pledged as collateral to SIDF.

The commission is payable on the amount of the borrowing drawdowns and is mainly calculated at a market rate plus a margin.

(ii) During 2022, the Group has also obtained long-term credit facilities (Islamic Finance Tawarruq) from commercial banks amounting to ⃁ 572 million. The Group has utilised these facilities amounting to ⃁ 73.2 million as of 30 June 2026 (31 December 2025: ⃁ 148.6 million). These loans bear financial charges based on prevailing market rates in Kingdom of Saudi Arabia ("SIBOR"). These loans are repayable up to the year 2027.

During 2024 and 2025, the Group obtained long-term credit facilities (Islamic Finance Tawarruq) from commercial banks amounting to ⃁ 1,380 million for the purpose of the initiation of new production lines i.e., PM5 and TM6. The Group has utilised these facilities, amounting to ⃁ 240.8 million as of 30 June 2026 (31 December 2025: ⃁ 124 million). These loans bear financial charges based on prevailing market rates in Kingdom of Saudi Arabia ("SIBOR"). The Group has a re-payment grace period of 3 years; accordingly, these loans will be repayable starting from 2028.

Upfront fees were deducted at the time of receipt of loans from commercial banks, which are amortised over the period of the respective loans.

Long-term borrowings under Islamic banking facilities bears average interest rate of 6.06% (2025: 6.86%).

The above loans and facilities include certain covenants which require the Group to maintain certain levels of current and leverage ratios and certain restrictions on dividend distribution and also notify the bank of any breach or probable breach immediately.

All the above long-term loans are denominated in as ⃁ at 30 June 2026 and 31 December 2025.

13.2 Interest-bearing short-term borrowings

	30 June 2026 (Unaudited)	*31 December 2025 (Audited)*
Commercial banks - Islamic banking facilities (Tawarruq)	**386,053,277**	331,982,319
Accrued financial charges	**8,789,305**	5,319,590
	394,842,582	337,301,909

The Group has short-term credit facilities from commercial banks comprising of short-term loans, letters of credit and guarantees. These borrowings bear financing charges at the prevailing market rates. These facilities include certain financial covenants which require the Group to maintain certain levels of ratios. All loans are denominated in ⃁ as at 30 June 2026 and 31 December 2025.

The short-term borrowings under Islamic banking facilities bears average interest rate of 5.72% (31 December 2025:5.93%).

14 ZAKAT

14.1 Components of zakat base

During 2025, the Parent Company along with its wholly owned subsidiaries, i.e., Juthor, WASCO and Al-Tadweer (the "Zakat Group") have been requested and obtained an approval from ZATCA to file their zakat based on a unified zakat return as one zakat group. Starting from the year ended 31 December 2025 and onward, the Group zakat unified return will be based on special purpose financial statements prepared solely for zakat filing purpose.

14.2 Provision for zakat

	30 June 2026 (Unaudited)	*31 December 2025 (Audited)*
At the beginning of the period/year	**13,539,869**	19,910,229
Provision for current period/year	**4,123,601**	13,435,907
Payments	**(11,534,298)**	(19,806,267)
At the end of the period/year	**6,129,172**	13,539,869

14.3 Status of zakat assessments

14.3.1 Status for the Zakat Group starting from the year 2025:

Year 2025
The Zakat Group has submitted its unified return and has obtained unrestricted Zakat certificate valid until 30 April 2027. No assessment has been conducted by ZATCA in respect of the financial year ended 31 December 2025 as of the date.

14.3.2 Status for the Parent Company and its subsidiaries for the years up to 31 December 2024:

For the years up to 31 December 2024, the Parent Company and its subsidiaries were submitting individual zakat return for each entity. Below is zakat status for each individual entity:

Middle East Company for Manufacturing and Producing Paper("MEPCO")
The zakat assessments of the Parent ("MEPCO") are finalized for the years through 31 December 2024.

Years 2015 to 2018:
During 2020, Zakat, Tax and Customs Authority ("ZATCA") issued its assessment for those years, claiming additional Zakat of ⃁ 30 million, which the Company objected to till reached the Appeal Committee.
During 2024, ZATCA approached the Company for a settlement offer with the Internal Settlement Committee ("ISC"). During the period, the Company received a final settlement with an additional zakat liability amounting of ⃁ 3.3 million. The management decided to accept the ISC's offer to clear those years with ZATCA. Subsequently on April 2025, the MEPCO settled this amount, therefore zakat position is finalized for those years.

Years 2019 to 2022:
Zakat position is finalized for those years with no outstanding liabilities.

Year 2023
ZATCA has conducted and issued an assessment with zakat difference amount of ⃁ 841,235; however, The Company submitted a request along with the zakat calculation based on the updated regulations, which was accepted by ZATCA. As a result, ZATCA issued the final assessment without any additional zakat liabilities. Accordingly, zakat assessment for the year 2023 has been finalised.

Year 2024
The Company has filed its zakat return for the year ended 31 December 2024 and has obtained the corresponding zakat certificate. ZATCA has conducted and issued final assessments with no additional liabilities, accordingly, zakat assessment for the year 2024 has been finalized.

14 ZAKAT (continued)

14.3 Status of zakat assessments (continued)

14.3.2 Status for the Parent Company and its subsidiaries for the years up to 31 December 2024 (continued)

Waste Collection and Recycling Company Limited ("WASCO")

Years 2016 and 2017
During 2021, ZATCA issued its assessment for the years 2016 and 2017 claiming additional Zakat of ⃁ 1.39 million and ⃁ 0.169 million respectively, which the Company has objected, further escalated to the TVDRC and TVDAC, which issued their decisions in favor of ZATCA. However, the Company settled the Zakat dues for appeal case on 13 May 2024, therefore Zakat position is cleared for these years.

Years 2018 to 2024
The Company filed its zakat returns and no open assessments to date.

Juthor Paper Manufacturing Company ("Juthor") & Estidama Environmental Services Company LLC ("Estidama") & Al Tadweer Al-Akhdar Industrial Company ("Al Tadweer")

These companies filed their zakat declaration up to the year 2024 and no open assessments to date.

14.4 Status of VAT assessments

The Group is submitting a consolidated VAT return of the Parent Company and its subsidiaries.

The VAT assessments of the Group are finalized for the years up to 31 December 2024.

Year 2024
During the period ended 30 June 2026, the Group received a preliminary VAT assessment on 16 April 2026, indicating VAT differences of ⃁ 1,879,550. A final assessment was issued on 20 April 2026. The Company settled the full amount on 23 April 2026. Accordingly, VAT assessments for the year 2024 has been finalized.

Year 2025
ZATCA has initiated a preliminary VAT review for the year ended 31 December 2025 and has requested initial information. As of the reporting date, no assessment has been issued by ZATCA.

15 SHARE CAPITAL AND SHARE PREMIUM

As at 30 June 2026, the Company's authorised and issued share capital is ⃁ 866.67 million (31 December 2025: ⃁ 866.67 million) divided into 86.67 million shares (31 December 2025: 86.67 million shares) with nominal value of ⃁ 10 each (31 December 2025: ⃁ 10 each).

During 2024, MEPCO issued 19.99 million new shares with nominal value of ⃁ 10 per share. MEPCO has received a net subscription amount of ⃁ 619.99 million from Public Investment Fund ("PIF") against the full subscription of the new shares and acquisition of 23.08% of MEPCO ownership.

As at 30 June 2026, the Company's share premium resulted from the subscription of new shares and acquisition of PIF amounted ⃁ 419.99 million (31 December 2025: ⃁ 419.99 million)

16 STATUTORY RESERVE

In accordance with the previous Company's By-laws, the Parent Company used to be required to maintain a statutory reserve equal to a maximum of 30% of its share capital. According to the latest update in the companies' law in KSA, the mandatory statutory reserve requirement had been abolished. On 15 Jumada Al-Alkhirah1445H (corresponding to 28 December 2023), the Company's General Assembly approved amending the Company's bylaws to comply with the new Companies' Law, to remove the article of the bylaws related to Company's statutory reserve. Based on that, the Board of Directors recommended the General Assembly to approve the transfer of the entire statutory reserve to retain earnings which amounted of ⃁ 135,278,852 as at 31 December 2024. On 26 June 2025, the General Assembly approved the transfer of the entire statutory reserve to retain earnings.

17 EARNINGS PER SHARE

The Group presents basic and diluted earnings per share (EPS) for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period.

	Three-month period ended		*Six-month period ended*	
	30 June 2026 (Unaudited)	*30 June 2025 (Unaudited)*	***30 June 2026 (Unaudited)***	*30 June 2025 (Unaudited)*
Net profit attributable to equity holders of the Parent Company	**15,288,530**	5,225,375	**13,294,448**	10,556,727
Weighted average number of shares	**86,666,666**	86,666,666	**86,666,666**	86,666,666
Basic and diluted earnings per share (⃁ per share)	**0.18**	0.06	**0.15**	0.12

18 FAIR VALUE OF ASSETS AND LIABILITIES

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 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, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All financial instruments for which fair value is recognised or disclosed are categorised within the fair value hierarchy, based on the lowest level input that is significant to the fair value measurement as a whole, as follows:

- 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.

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

The Group recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred. The management assessed that the fair value of cash and cash equivalents, trade and other receivables. Short-term borrowings and trade payables approximate their carrying amounts largely due to the short-term maturities of these instruments.

19 COMMITMENTS, CONTINGENCIES AND LITIGATION

The Group had outstanding letters of guarantee, letter of credits and capital commitments "contracted but not incurred" that were in the normal course of the business and pertains mainly to the new production line PM5 and TM6. Below are the related outstanding contingencies and commitments:

30 June 2026:	**Paper Machine 5 (PM5)**	**Tissue Mill 6 (TM6)**	**Other plants and machinery**	**Total**
Letters of guarantee	**-**	**-**	**18,000,000**	**18,000,000**
Letters of credit	**592,545,235**	**76,595,600**	**4,048,762**	**673,189,597**
Capital commitments	**1,147,836,346**	**35,030,694**	**6,490,254**	**1,189,357,294**
	1,740,381,581	**111,626,294**	**28,539,016**	**1,880,546,891**

31 December 2025:	Paper Machine 5 (PM5)	Tissue Mill 6 (TM6)	Other plants and machinery	Total
Letters of guarantee	-	-	15,000,000	15,000,000
Letters of credit	455,732,780	155,956,054	13,379,754	625,068,588
Capital commitments	828,273,186	157,558,207	2,834,566	988,665,959
	1,284,005,966	313,514,261	31,214,320	1,628,734,547

20 RELATED PARTY TRANSACTIONS AND BALANCES

20.1 Related party transaction

Significant transaction with related parties in the ordinary course of business included in the interim condensed consolidated financial statements is summarised below:

Related party	*Description of transaction*	*Relationship*	***Three-month period ended*** ***30 June 2026 (Unaudited)***	*30 June 2025 (Unaudited)*	***Six-month period ended*** ***30 June 2026 (Unaudited)***	*30 June 2025 (Unaudited)*
Directors	Directors' remuneration	Directors	**1,385,000**	836,652	**2,725,000**	2,674,985
Jeddah Development and Urban Regeneration Company ("JEDCO")	Purchase of recyclable material	Shareholder of a partially owned subsidiary ("Estidama")	-	175,729	**-**	175,729
	Waste collection and transportation services		**232,786**	-	**741,907**	-
Arabian Maize Company for Industry	Purchase of raw material	Affiliate	**5,645,460**	7,502,876	**8,750,748**	11,436,911

20 RELATED PARTY TRANSACTIONS AND BALANCES (continued)

20.2 Key management compensation

Compensation to key management personnel comprises salaries, contributions to social insurance and defined benefit plan costs, as follows:

	Three-month period ended		*Six-month period ended*	
	30 June 2026 (Unaudited)	*30 June 2025 (Unaudited)*	***30 June 2026 (Unaudited)***	*30 June 2025 (Unaudited)*
Short-term benefits*	**7,162,264**	4,740,669	**10,865,294**	7,717,233
Post-employment benefits	**107,116**	19,116	**172,425**	136,886
Termination benefits	**313,197**	270,155	**552,783**	374,738
	7,582,577	5,029,940	**11,590,502**	8,228,857

* Short-term benefits include bonuses and incentives to key management personnel amounting to ⃁ 3.2 million (2025: nil).

20.3 Related parties' balances

Significant due from/(to) balances with related parties are summarized below:

	30 June 2026 (Unaudited)	*31 December 2025 (Audited)*
Advances to key management personnel	**528,990**	1,226,250
Accrued incentives to key management personnel	**(1,260,000)**	-
Jeddah Development and Urban Regeneration Company ("JEDCO")	**677,464**	536,671
Arabian Maize Company for Industry	**(5,484,980)**	(5,075,987)

21 GEOPOLITICAL DEVELOPMENTS

During the current period, geopolitical tensions in parts of the Middle East have increased. Public communications from government and regulatory authorities have continued to emphasise the resilience of the economy and the continuation of business operations across key sectors, supported by established business continuity and risk management frameworks.

The Group has assessed the potential implications of these events on its operations, financial position and performance. Based on information currently available, including the continuation of core business activities, it is not practicable to reliably estimate the full financial effect of these geopolitical events on future periods.

Management has also considered the impact of these events on the Group's ability to continue as a going concern and has concluded that the going concern basis of preparation remains appropriate.

22 EVENTS AFTER THE REPORTING PERIOD

There have been no significant subsequent events since the period ended 30 June 2026, which would have a material impact on the financial position of the Group as reflected in these interim condensed consolidated financial statements

23 AUTHORISATION OF INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

These interim condensed consolidated financial statements were authorised for issue by the Group's Board of Directors on 27 Safar 1448H (corresponding to 10 August 2026G).